


THE CALIFORNIA STATE UNIVERSITY
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Date: May 28, 2004

**Code: HR 2004-13
Supplement #1**

To: CSU Presidents

From: Jackie R. McClain 
Vice Chancellor
Human Resources

Subject: **2004 Early Retirement Program for Faculty (Unit 3) Employees - Update**

HR 2004-13, dated May 13, 2004, announced the 2004 Early Retirement Program for faculty (Unit 3) employees and provided implementation and payroll processing guidelines. This memorandum communicates campus reporting requirements and provides additional implementation guidance on eligibility and processing issues.

Please see Attachment A for a list of questions and answers specific to the Early Retirement Program.

REPORTING REQUIREMENTS

➤ **Program Participant List**

Campuses must forward, on a flow basis to Systemwide Human Resources Administration, the name and other required retirement information of each faculty unit employee choosing to participate in the Early Retirement Program. This list also needs to include Management Personnel Plan (MPP) or staff employees retreating to faculty positions in order to participate in the Early Retirement Program, in addition to any employees electing disability retirement.

Campuses will be provided an electronic version of the *CalPERS 2 Year Golden Handshake Cost Worksheet* (Attachment B) for reporting. The electronic version will be emailed to your campus associate vice president/dean of faculty affairs, with a copy to the human resources director and benefits officer. The electronic worksheet must include the employee's name, social security number, retirement date, CAT (CalPERS retirement category: "MISC"), gender, age at retirement (full year only, no months), monthly compensation (full-time base pay), and CalPERS' 2-year service golden handshake

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actuarial factor (see Attachment C). The electronic worksheet will automatically calculate the retiring employee's 2-year service annuity cost.

Hard copies or electronic versions (on diskette) of the completed worksheet must be mailed and designated as CONFIDENTIAL to Systemwide Human Resources, "Attention Beth Ryan," no later than August 6, 2004, for reconciliation with CalPERS retirement records. *It is important that this confidential information not be transmitted electronically via e-mail, either internally on campus or from the campus to the Chancellor's Office, because social security numbers are included.* Please include a cover memo indicating your campus and campus contact for questions.

➤ **FERP Participant List (Retiring during window period)**

Employees retiring during the window period and electing to participate in the Faculty Early Retirement Program (FERP) will **not** be eligible for any additional service credit under the Early Retirement Program. Campuses need to provide Systemwide Human Resources with names of faculty unit employees choosing to enter FERP who have or will be retiring during the window period.

A complete FERP list must be submitted to Systemwide Human Resources, "Attention Beth Ryan," no later than August 6, 2004.

➤ **Final Participant List – After Reconciliation**

After the close of the window period, CalPERS will provide Systemwide Human Resources with its Early Retirement Program participant list for final reconciliation with CSU's participant list. At that time, faculty (Unit 3) employees who submitted retirement applications to CalPERS but did not attach an approved "two-year" certification will be added to the eligible list after Systemwide Human Resources has verified eligibility with the campus. After completion of the reconciliation, the CSU will certify the final list to CalPERS.

This final participation list will be used to calculate the additional 2-year service annuity payment to CalPERS. The Systemwide Budget Office will provide further information regarding campus annuity costs and payment timelines in a future communication.

ADDITIONAL IMPLEMENTATION GUIDANCE

➤ **Faculty Members with Membership in Other California Public Retirement Systems with Reciprocal and Nonreciprocal Agreements**

This is to clarify CalPERS' interpretation of the Government Code regarding retirement eligibility for purposes of retiring under the Early Retirement Program for faculty unit employees with membership in other California public retirement systems with reciprocal and nonreciprocal agreements. Although CalPERS' interpretation does not appear to track with our interpretation of Government Code Section 20901 and other referenced eligibility code sections, it is CalPERS' long-standing interpretation and practice.

CalPERS' Interpretation: CalPERS members, who have established membership with a reciprocal or non-reciprocal California public retirement system with or without establishing "reciprocity," are entitled to retire from CalPERS under the Early Retirement Program without meeting the minimum five years of service credit requirement as long as the age requirement is met.

As a side note, the other retirement systems generally do require vesting to be eligible for retirement, so it is very rare for an individual to accept a retirement from CalPERS with less than a total of 5 years service credit - unless the individual meets the other plan's eligibility requirements. The individual would normally be ineligible for a monthly benefit from the other system, and even if the member were to later obtain the service with the other retirement system and meet retirement eligibility requirements (if the member did not retire concurrently), there would not be a final compensation exchange. For a list of reciprocal and nonreciprocal retirement systems and for more information about reciprocity, you may refer faculty unit employees to the CalPERS publication, "When You Change Retirement Systems." Employees, possibly in this situation, are encouraged to contact CalPERS to determine eligibility for retirement.

➤ **Faculty Members Eligible for Part-Time Service Conversion**

A permanent part-time faculty unit employee, with a defined amount of required hours/timebase to work, who meets retirement eligibility age requirements may be able to retire with less than 5 years of service credit. An employee who retires under Government Code Section 20970 (Part Time Service Conversion) may qualify to participate in the Early Retirement Program. While highly unlikely the CSU would have any faculty employee in this situation, questions from employees regarding "part-time service conversion" should be directed to CalPERS.

➤ **Payroll Processing: MPP and Other Staff with Academic Retreat Rights**

Employees with Unit 3 retreat rights may retreat to Unit 3 on the day of separation from CSU. The effective date of the reassignment should be the effective date of separation, close of business. There is no need to calculate a faculty salary conversion. If, however, the employee retreats before the separation effective date, the faculty salary must be calculated and the employee would receive the faculty salary until separation, per the campus academic calendar. In most cases, this is not recommended. See HR/Salary 1998-02 for guidance on salary placement for administrators with faculty retreat rights. Also, see Attachment A (Questions and Answers) for additional information concerning retreat rights and related payroll processing issues.

➤ **Notice**

HR 2004-13 indicated that CIRS Compendium Report W70 identified faculty unit employees potentially eligible for retirement. This tab-delimited file contains those employees who will reach age 50 by July 28, 2004, and who, based on their employment date of record on PIMS, have reached 5 years of service. It was communicated that employees with retreat rights in other bargaining units or taking disability retirement are not included in this report. Given that some employees could be eligible to retire from CalPERS with less than 5 years of service (as noted earlier), an additional CIRS Compendium Report W71 is now available listing faculty employees who will reach age 50 by July 28, 2004 with less than 5 years of service. It is suggested that campuses communicate the benefit to all faculty unit employees who will reach age 50 by July 28, 2004.

➤ **Certification Form**

✓ Certification Forms without CalPERS Logo

CalPERS' *Certification and Eligibility for Two Years Additional Service Credit Form* as provided in Attachment E of HR 2004-13 did not contain the CalPERS logo. The electronic version of HR 2004-13 was updated to include the certification form with the logo and campuses were e-mailed the form. CalPERS has requested that the campus only use the certification form with the CalPERS logo. However, CalPERS does understand that some "no-logo" certification forms have been certified by campus presidents or designees and have already been submitted to CalPERS. Campuses are requested to provide Systemwide Human Resources with names of faculty unit employees who have already submitted certification forms to CalPERS without the CalPERS logo. We will confirm the authenticity of the forms with CalPERS to ensure that CalPERS will not return these "no-logo" certifications.

✓ Retirement Application Forms submitted to CalPERS without a Certification Form

In the event an employee submitted his/her retirement application to CalPERS without an approved certification form, the employee must complete a certification form and provide it to the designated campus coordinator for handling. The campus is to forward the approved certification form to Systemwide Human Resources at the end of the window period. Systemwide Human Resources will forward certifications to CalPERS during final reconciliation of the eligible faculty unit employee list. These retirees will receive their additional service credit benefit retroactively.

All certification forms collected by the campus must be submitted to Systemwide Human Resources, "Attention Beth Ryan," no later than August 6, 2004 for reconciliation with CalPERS.

Please continue to direct questions regarding the Early Retirement Program as follows:

Faculty Participation Questions: Dr. Cordelia Ontiveros at (562) 951-4503 or via email at contiveros@calstate.edu.

Financial Questions: Mr. Rodney Rideau at (562) 951-4560 or via e-mail at rrideau@calstate.edu.

CalPERS Interagency Agreement and Program Implementation Process Questions: Ms. Beth Ryan at (562) 951-4420 or via email at bryan@calstate.edu.

This memorandum is also available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAAdm/memos.shtml>.

JRMcC/cr

Attachments

**2004 EARLY RETIREMENT PROGRAM FOR FACULTY (UNIT 3) EMPLOYEES
Questions and Answers**

**ELIGIBILITY TO PARTICIPATE IN THE EARLY RETIREMENT PROGRAM
FOR FACULTY**

Q1: Does an individual need to be a current CSU faculty unit employee to participate in the Early Retirement Program?

A1. An individual must either be a current CSU faculty unit employee or an MPP or staff employee with retreat rights into a CSU faculty position to participate in the program.

Q2: If we have an employee in both a Unit 3 position and a non Unit 3 position, does he/she qualify to participate in the Early Retirement Program?

A2: Yes, if the employee is active or on approved leave of absence in the Unit 3 position immediately prior to retirement, the employee can participate.

Q3: An employee has a 1.0 time-base in a position not represented by Unit 3. The employee also teaches one course every year. Is the employee eligible to participate in the Early Retirement Program?

A3: Yes, if the employee receives a separate appointment in a Unit 3 position and is active in that Unit 3 position immediately prior to retirement the employee can participate.

Q4: The following is a statement from HR 2004-13:

Except for coaching, counselor and librarian faculty unit employees, retirements under this Program shall not be effective during the period of any academic term in which the faculty unit employee is scheduled to work.

Is the following interpretation accurate?

I understand the coded memorandum to say that employees cannot work in the summer. They would need to either retire at the end of spring term or convert to Academic Year (AY) at the end of spring, not work in the summer, and then retire before July 28, 2004.

A4: "Any academic term" includes summer, including courses offered through CSU extension during the summer. Therefore, Unit 3 employees who wish to participate in the Early Retirement Program and who are not coaches, counselors, and librarians, cannot work in the summer if they wish to retire with the Early Retirement Program incentive, unless the summer term ends before the window period closes and the faculty member separates after the end of the term and by the window period deadline.

Q5: If a lecturer's appointment ends prior to the beginning of the window, would this person be eligible to participate in the Early Retirement Program?

A5: No, with one exception. An individual must be an active employee or on an approved leave in a CSU position represented by CFA in order to participate in the Early Retirement Program. The exception would be lecturers who are in the middle of a three-year or other multi-year appointment. These employees may participate in the Early Retirement Program if they retire during the window.

Q6: What if the lecturer's appointment ends at the end of the semester (e.g., May 17) and he/she elects to retire in June or July 2004?

A6: The Early Retirement Program would not be available. In order to be eligible, this employee would need to retire on May 18, the day after the end of the semester. Otherwise, the individual is no longer an employee and therefore no longer part of Unit 3. Again, the exception would be lecturers who are in the middle of three-year or other multi-year appointments.

Q7: If a faculty unit employee retired before the window period, is this employee eligible to participate in the Early Retirement Program?

A7: A faculty unit employee who retired prior to the issuance of the Governor's Executive Order (EO) is not eligible for the Early Retirement Program. The Early Retirement EO (S-8-04) was issued May 6, 2004, the date it was signed by the Governor. Government Code Section 20901(a) requires that an early retirement program shall commence " . . . no sooner than the date of issuance of the Governor's executive order which shall specify the period." In order to be eligible to participate in the Early Retirement Program an eligible employee's separation date can be no earlier than May 5, 2004, and no later than July 27, 2004, and the CalPERS retirement date can be no earlier than May 6, 2004, and no later than July 28, 2004.

The Early Retirement Program is a retirement incentive program and not designed for employees who have already retired.

Q8: Are employees in class code 2357 (Instructional Faculty, Summer Session) eligible to participate in the Early Retirement Program?

A8: No. The Early Retirement Program is only available to Unit 3 employees. According to Article 1.5 and Article 21.2 of the California Faculty Association (CFA) Memorandum of Understanding (MOU), employees are excluded from Unit 3 if their sole Unit 3 employment is in class code 2357.

Q9: Are employees whose sole Unit 3 employment is in the 2322 (Instructional Faculty, Special Programs – For Credit) or 2323 (Instructional Faculty, Extension – For Credit) classifications eligible to participate in the Early Retirement Program?

A9: No. The Early Retirement Program is only available to Unit 3 employees. The CFA supplemental agreement, dated January 19, 1995, indicates that the terms of the collective bargaining agreement are not applicable to employees in these classifications.

Q10: We have a number of lecturers who are scheduled to work summer session – which has separate start and end dates over the summer period. These lecturers are appointed in the 2357 class code and paid per unit. Are these individuals prohibited from retiring during the mid-summer term as well? In the case in point, a faculty unit employee is teaching the first summer session, which starts 5/24 and ends 7/2. We presume he would be eligible by retiring 7/3. A second scenario is someone scheduled to teach the summer session but the start date is 5/24 and the end date is 8/23. In this instance, would the employee need to have retired prior to the 5/24 start date in order to qualify?

A10. First scenario – Yes - summer session ends July 2 and retirement on July 3 is okay. Second scenario – The employee may not retire during the summer session appointment. The employee can retire and separate from the CSU before May 24 but would then drop to the bottom of the list for post-retirement employment as a lecturer. Reminder: Individuals whose sole Unit 3 employment is in class code 2357 are not eligible to participate in the Early Retirement Program (refer to Q8).

ELIGIBILITY TO PARTICIPATE IN CALPERS RETIREMENT

Q11: Can a faculty unit employee NOT vested with CalPERS BUT who has service with another California public retirement system be eligible to participate in the Early Retirement Program?

A11: Maybe. This is to clarify CalPERS' interpretation of the Government Code regarding retirement eligibility for purposes of retiring under the Early Retirement Program for faculty unit employees with membership in other California public retirement systems with reciprocal and nonreciprocal agreements. Although CalPERS' interpretation does not appear to track with our interpretation of Government Code Section 20901 and other referenced eligibility code sections, it is CalPERS' long-standing interpretation and practice.

CalPERS' Interpretation: CalPERS members, who have established membership with a reciprocal or non-reciprocal California public retirement system with or without establishing "reciprocity," are entitled to retire from CalPERS under the Early Retirement Program without meeting the minimum five years of service credit requirement as long as the age requirement is met.

As a side note, the other retirement systems generally do require vesting to be eligible for retirement, so it is very rare for an individual to accept a retirement from CalPERS with less than a total of 5 years service credit - unless the individual meets the other plan's eligibility requirements. The individual would normally be ineligible for a monthly benefit from the other system, and even if the member were to later obtain the service with the other retirement system and meet retirement eligibility requirements (if the

member did not retire concurrently), there would not be a final compensation exchange. For a list of reciprocal and nonreciprocal retirement systems and for more information about reciprocity, you may refer faculty unit employees to the CalPERS publication, "When You Change Retirement Systems." Employees, possibly in this situation, are encouraged to contact CalPERS to determine eligibility for retirement.

Q12: Does CalPERS law provide that an employee who had been a CalPERS member for five years, during all of which he/she worked as part-time, would be considered vested for purposes of eligibility to retire, with the retirement to be calculated on the basis of the actual FTE number of years of service accrued?

A12: A permanent part-time employee, with a defined amount of required hours/timebase to work, who meets retirement eligibility age requirements may be able to retire with less than 5 years of service credit. A member who retires under GC 20970 (Part Time Service Conversion) may qualify to receive a Golden Handshake (as a State or CSU member under GC 20901). While highly unlikely the CSU would have any faculty employee in this situation, questions from employees regarding "part time service conversion" should be directed to CalPERS.

Q13: Given the many scenarios in which a part-time faculty unit employee may qualify for retirement, how can the campuses possibly know who is eligible and who is not?

A13: Campuses are not being asked to determine retirement eligibility - only whether an employee is in a position eligible to participate in the Early Retirement Program. CalPERS is responsible for determining actual retirement eligibility. Campuses may provide a retirement eligibility "disclaimer" on the certification form by writing "retirement eligibility to be confirmed by CalPERS" at the top of the form.

Q14: Can an employee who has not qualified for retirement purchase "air time" (officially called Additional Retirement Service Credit) to reach the service requirement?

A14: No. "air time" cannot be purchased in order to qualify for retirement.

RETIREMENT SERVICE CREDIT CALCULATION

Q15. If a part-time faculty unit employee is eligible to retire and elects to participate in the Early Retirement Program, will he/she receive a full two years of additional service credit?

A15. Yes.

Q16: Can an employee purchase "air time" as listed on the CALPERS factor chart and receive over 100% of pay?

A16: Yes, employees may retire with more than 100% of pay.

Q17: How long will it take CalPERS to calculate "air time" if an employee chooses to purchase service credit and also is participating in the Early Retirement Program?

A17: Due to the volume of requests to purchase "air time," CalPERS has an "air-time" processing backlog. The CalPERS web site provides updates on the status of request processing. An Early Retirement Program participant requesting to add "air time" to his/her years of service will not have his/her benefit increases initially, but the increased benefit will be provided on a retroactive basis once the employee's request is approved and processed.

Q18: If an employee is not eligible to retire but possibly has prior time that could be bought back, how should the campus handle?

A18: If the employee wants to retire, the process remains the same. The employee applies for retirement and has the certification signed and turned in to CalPERS. The employee needs to submit the request to purchase additional time at the same time. The employee needs to be aware that he/she will not know whether the prior time is allowed until CalPERS approves.

RETIREE HEALTH AND WELFARE BENEFITS ELIGIBILITY

Q19: If a faculty unit employee is eligible to participate in the Early Retirement Program and is eligible to receive a retirement allowance from CalPERS based on a combination of service credit from CalPERS and another California public retirement system, is the person eligible to continue health and dental benefits in retirement regardless of the amount of service with CalPERS?

A19: Yes, as long as the person is eligible to retire, the person is eligible to continue health and dental benefits.

Q20: What happens if an employee selects a retirement date that does not provide sufficient notice to CalPERS so that CalPERS can process retirement documents before the effective retirement date?

A20: CalPERS states it will process retirement documents in 30 days. If an employee submits retirement paperwork with a shorter notice period, the employee may be required to make a direct payment of both the employer and employee share of the health benefit premium. CalPERS will reconcile the health benefit deductions through the retirement check and the retiree will receive a refund of the state contribution share of the premium from the health plan.

RETREAT RIGHTS

Q21: Can an MPP employee retreat to a faculty position and retire under the Early Retirement Program during the middle of an academic term?

A21: Yes. Management Personnel Plan (MPP) employees with faculty retreat rights who are not scheduled to perform Unit 3 work during the window period may retire during an academic term. Unit 3 employees on leaves of absence also may retire during an academic term.

Q22: When an MPP employee retreats to a Unit 3 position to participate in the Early Retirement Program, do we need to calculate the faculty salary for the Personnel/Payroll Transaction (PPT) document?

A22: No, not if the effective date for the reassignment and separation is at the close of business on the same day. If the effective date of the reassignment differs from the separation effective date, the campus will determine a faculty salary rate to be paid during the period between the reassignment and separation. See HR/Salary 1998-02 for guidance on determining salary for an MPP employee who returns to a faculty position.

Effect on Vacation Pay-Outs: If an MPP (12-month) employee retreats to an AY faculty position, accrued vacation earned in the MPP position must be paid via lump sum upon reassignment to the AY position. If an MPP (12-month) employee retreats to a 12-month faculty position and there is no change in salary rate, the vacation earned in the MPP position can be paid via lump sum in the position from which separating. If the reassignment effective date differs from the separation effective date and the campus calculates a faculty salary rate that differs from the preceding MPP position, the vacation earned in the MPP position must be paid via lump sum upon reassignment to the faculty position. Employment history remarks should indicate “HR 2004-13” on the reassignment transaction.

Abolished Classes: If an MPP employee retreats to a faculty position that is now abolished, the campus should reassign the employee to the most appropriate corresponding class and rank (e.g. Designated Market Discipline – Academic Year to Instructional Faculty, Academic Year).

“Plus Salary” Rates: Refer to plus salary processing guidelines when the salary rate (in the preceding MPP position) exceeds the maximum of the salary range of the faculty class to which the employee is being reassigned prior to separation.

POST-RETIREMENT EMPLOYMENT

Q23: If an MPP employee with faculty retreat rights goes back to a faculty position and retires under the Early Retirement Program, can the campus hire the person back for post-retirement employment into the same management position the employee just left, while the campus conducts a recruitment to fill the position?

A23: Perhaps. The campus must follow Government Code/CalPERS regulations for non-academic post-retirement employment. See HR 2004-16 on post-retirement employment and HR/Benefits 2004-11.

Q24. How much may I work after retirement?

A24. Pursuant to CalPERS regulations for faculty appointments (Government Code 21227), "A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system as a member of the academic staff of a California state university, if that service does not exceed, in any fiscal year, a total of 960 hours for all employers or 50 percent of the hours the member was employed during the last fiscal year of service prior to retirement."

Post-retirement employment can follow either limit – 960 hours OR 50% of pre-retirement hours – regardless of whether the employee was full-time or part-time before retirement – but in no case more than 960 hours. CSU has been requesting clarification on this issue from CalPERS. If we receive any updated information, we will let you know. Limits on FERP employment are a separate issue, governed by both the Collective Bargaining Agreement and CalPERS.

Q25: How does the 960 hour limit on employment for rehired annuitants translate to academic workdays? Some campuses have interpreted this limit as roughly 70% of an academic calendar year. Is this interpretation correct?

A25: HR 2004-16 addresses post-retirement employment. Hours are calculated based on the academic calendar as (Time-base)x(Academic Workdays)x (8).

Q26. We have a question about the status of a full-time 3-year Lecturer who participates in the Early Retirement Program - if the person is interested in teaching after retirement, we are clear that he would no longer have the 3-year appointment - however, would he fall into Group 5 or group 6C?

A26. Anyone who participates in the Early Retirement Program severs the employment relationship with the CSU. Any post-retirement employment would be as a “new” employee. This includes tenured/tenure track faculty, three-year lecturers, and any other faculty who retire under this program. Initial post-retirement employment as a temporary lecturer would fall under Category 6C of the Assignment of Work order.

If the employee has already received a letter for a future appointment or is in the middle of a current appointment, the campus should notify the employee that retirement is a separation from the university and ends any current or future appointments. If the employee wishes to be considered for post-retirement employment, he/she will need to apply again as a “new” applicant for temporary employment.

PROCEDURES/PROCESSING/TIMELINES

Q27: If the employee submits his/her application for retirement and certification within 30 days of retirement date, will the employee be paid his/her retirement check on time?

A27: CalPERS has advised us that it will do so.

Q28. Will CalPERS include the 2-year Early Retirement Program service credit in the retirement benefit estimate for a Unit 3 employee, if the employee informs CalPERS of his/her eligibility and requests that the extra service be included?

A28: In order to obtain a formal estimate, employees may use *the CalPERS Retirement Allowance Estimate Request Form*. CalPERS will provide estimates if the employee notes "Include Golden Handshake" at the top of the form. The forms are available in the Retirement Application packages or may be downloaded from the CalPERS web site in the Forms and Publications Library.

Q29. What type of certification is necessary for those employees who have already submitted retirement papers to CalPERS, have a retirement date within the window period and want to participate in the Early Retirement Program?

A29: In the event an employee submitted his/her retirement application to CalPERS without an approved certification form, the employee must complete a certification form and provide it to the designated campus coordinator for handling. The campus is to forward the approved certification form to Systemwide Human Resources at the end of the window period. Systemwide Human Resources will forward the certifications to CalPERS during final reconciliation of the eligible faculty unit employee list. These retirees will receive their additional service credit benefit retroactively.

All certification forms collected by the campus must be submitted to Systemwide Human Resources, "Attention Beth Ryan," no later than August 6, 2004 for reconciliation with CalPERS.

Q30: Can the Benefits Coordinator be designated as the President's designee for the certification form? Does this need to be done in writing for accountability purposes?

A30: Yes, the Benefits Coordinator may be designated as the President's designee. The designation would only need to be in writing if to do so is a campus practice.

Q31: HR 2004-13 refers to limiting the retirements in a department to 25% of tenure-track faculty "where the president has determined that additional participation would adversely impact the department's ability to meet its enrollment demand." Is there any requirement for the president to have made this

determination in advance of more than 25% of the faculty in that department expressing interest in retirement? Does “tenure-track” include tenured?

A31: “Tenure-track” includes tenured and probationary. There is no requirement for the president to specify impacted departments in advance.

Q32: What date should we designate as the deadline in which eligible employee may request participation in the Early Retirement Program? What about deadline to apply for FERP?

A32: Campus deadlines are up to each campus. Keep in mind that the CFA MOU asks that faculty wishing to take advantage of the Early Retirement Program give thirty days notice when possible, but this is not a strict requirement.

COSTS

Q33. We are finding the "cost" column in the CIRS report a bit disconcerting, because we had assumed the Early Retirement Program cost would be a combination of the employee/employer retirement contributions (X 2) --roughly 40%. But some of the figures are a lot higher than that. Do you know how they were calculated? What is the cost factor?

A33. The Cost column of the CIRS Compendium Report (W70) calculates the employee’s full-time base pay multiplied by the CalPERS 2-year annuity factor. This is the estimated cost of the additional two years of service. The factor is based on an employee’s age and gender (e.g., a female, age 55, is a factor of 6.4). The Report only lists one position if an employee has multiple positions and calculates the “Cost” by multiplying the base pay for that one position by the CalPERS 2-year annuity factor. Base pay has been used as an estimate for an employee’s Final Compensation

Final Compensation is the full-time pay rate reported for the 12 consecutive months of employment immediately preceding the last day on the payroll, unless the member designates another 12 consecutive month period in which the pay rate was higher. For purposes of estimating an employee’s 2-year annuity cost, base pay is used.

Costs shown in this report are ESTIMATES only.

2004 EARLY RETIREMENT PROGRAM FOR FACULTY (UNIT 3) EMPLOYEES CALPERS' GOLDEN HANDSHAKE FACTORS Cost of Providing 2 Additional Years of Service

Age of the Member At Retirement	State Miscellaneous Members	
	Male	Female
50	3.6	3.7
51	4.1	4.3
52	4.6	4.9
53	5.1	5.4
54	5.6	5.9
55	6.1	6.4
56	6.2	6.5
57	6.2	6.6
58	6.3	6.7
59	6.4	6.8
60	6.5	6.9
61	6.5	6.9
62	6.5	7.0
63	6.6	7.0
64	6.4	6.9
65	6.3	6.8
66	6.1	6.6
67	6.0	6.5
68	5.8	6.3
69	5.6	6.2
70	5.4	6.0
71	5.2	5.7
72	5.0	5.5
73	4.8	5.3
74	4.6	5.1
75	4.5	4.9
76	4.3	4.8
77	4.1	4.6
78	4.0	4.5
79	3.8	4.2
80	3.6	4.0